



0000159287

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

Arizona Corporation Commission

DOCKETED

NOV 13 2014

DOCKETED BY

nr

IN THE MATTER OF TUCSON ELECTRIC
POWER COMPANY'S APPLICATION FOR
APPROVAL OF ITS 2014 RENEWABLE
ENERGY STANDARD
IMPLEMENTATION PLAN, DISTRIBUTED
ENERGY ADMINISTRATIVE PLAN AND
REQUEST FOR RESET OF ITS
RENEWABLE ENERGY ADJUSTOR --
VOLUNTARY SOLAR CONTRIBUTION
PROGRAM'S PLAN OF
ADMINISTRATION

DOCKET NO. E-01933A-13-0224

DECISION NO. 74821

ORDER

Open Meeting
November 5 and 6, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP" or "the Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On October 10, 2014, TEP filed its proposed Voluntary Solar Contribution Program ("VSC Program") Plan of Administration ("POA"). The VSC Program POA was filed in compliance with Decision No. 74165 (October 25, 2013).

Background

3. Decision No. 74165. Decision No. 74165 orders as follows:

"IT IS FURTHER ORDERED that Tucson Electric Power Company shall file by January 7, 2014, a proposed plan or plans of administration for a voluntary contributions program consistent with the requirements set forth herein in the Commission's findings."

4. Plan of Administration Filing. The Company filed its initial proposed VSC Program POA on January 7, 2014. Subsequent to the filing, the Company communicated with Staff on finalizing the POA and identified a tax-exempt, third-party organization to partner with in administering the VSC Fund. The Company then filed its final proposed VSC POA on October 10, 2014.

Summary of Voluntary Solar Contribution Program Plan of Administration

5. General Description. The proposed POA includes a General Description for the VSC Program, stating that it would provide individuals and entities with an opportunity to support Arizona solar resources by voluntarily contributing funds to the Arizona Community Foundation (“ACF”), a tax-exempt third-party independent organization. The funds would be used to install solar panel systems on newly built residential single-family homes constructed by the Arizona chapter of Habitat for Humanity International (“Habitat”). The POA also indicates that VSC Program funds would be separate from those collected through the Commission’s mandatory Renewable Energy Standard adjuster.

6. Eligibility and Contributions. With respect to eligibility and contributions the proposed POA provides the following:

- Eligibility to contribute would not be limited to TEP customers;
- Contributions would be made to the Arizona Community Foundation, either through its website or by check to ACF’s address;
- Contributions would be held by ACF in a tax-exempt, irrevocable fund ¹
- Management and administration of the account, including investment, tax reporting, and auditing, will be the responsibility of ACF.
- ACF will provide regular reports to TEP.
- TEP will assume any administrative fees for the VSC Program fund.

¹ ACF invests the funding it holds in a variety of investment vehicles, including equity funds and fixed income funds.

- ACF is a tax-exempt 501(c)(3) public charity, and any contributions to the VSC Program fund are tax deductible, subject to Internal Revenue Service limitations. (Contributors should consult a professional tax advisor.)

7. Distribution of Funds. With respect to the distribution of VSC Program funds, the POA proposes that ACF provide funding to Habitat under the following conditions:

- Any home receiving a solar rooftop system under the VSC Program must be located within the Company's service territory, but will be selected by Habitat without input from either ACF or TEP. The selected homeowners must also meet Habitat's requirements regarding home ownership and "sweat equity."
- Funds must be sufficient to purchase and/or install a system under warranty and to provide an initial five-year operation and maintenance contract for upkeep of the system.
- ACF would release funds to Habitat under the following conditions: (i) the system must be sized to produce no more than 50% of the expected total connected load of the home, or 3 kW, whichever is smaller; (ii) the roof must be structurally able to support a rooftop system and the system must be oriented south, southwest, or west; and (iii) Habitat must select an Arizona licensed and qualified solar installer to install and maintain the system.

8. Program Life. The TEP POA proposes that the VSC Program become effective as of January 1, 2015 and expire December 31, 2016, after 90 days prior notice to the Commission. TEP may seek successive one-year extensions of the program, also following 90 days prior notice to the Commission.

9. The TEP POA also proposes that the Company contribute enough to fund one system through Habitat if it appears that contributions will not reach the level required to fund at least one system by the end of the two-year pilot period.

...

10. Reporting. The POA proposes to provide VSC Program fund status reports to Commission Staff every six months. A stand-alone report would be provided on October 1, with

another report provided on April 1, as part of the annual REST Compliance Report. Reports would include information regarding the number of participating customers, funds collected in the reporting period, the total funds held, any interest accrued and any expenses.

11. Promotional Materials. TEP has indicated that it will work with ACF “to create and distribute appropriate low- and no-cost promotional materials for the program.”

Recommendations

- Staff has recommended that the POA for the VSC Program be modified to reflect that the VSC Program will become effective as of January 1, 2015, and be continued until further action of the Commission.
- Staff has recommended that the POA for the VSC Program be modified to reflect that the VSC Program will not terminate after two years, but that the Company will be allowed to file an application requesting to close the program after December 31, 2016.
- Staff has recommended, with respect to reporting, that a stand-alone report be filed in Docket Control by October 1, with another report provided by April 1, as part of the annual REST Compliance Report, beginning October 1, 2015.
- Staff has recommended that the POA for the VSC Program be modified to reflect a requirement to report on the following: program promotion, the number of customers and others making contributions during the reporting period, the number of system installations (total and during the reporting period), funds collected during the reporting period, the total funds held; any interest or earnings accrued; and any expenses. The reports should be filed while the VSC Program is in effect.
- Staff has recommended that Tucson Electric Power Company shall file in Docket Control, within 15 days, a Plan of Administration for its Voluntary Solar Contribution that has been revised to comply with this Decision.

CONCLUSIONS OF LAW

1 1. Tucson Electric Power Company is an Arizona public service corporation within the
2 meaning of Article XV, Section 2, of the Arizona Constitution.

3 2. The Commission has jurisdiction over Tucson Electric Power Company and the
4 subject matter of this application.

5 3. The Commission having reviewed the application and Staff's memorandum dated
6 October 24, 2014, concludes that it is in the public interest to approve Tucson Electric Power
7 Company's Plan of Administration for its Voluntary Solar Contribution Program, as modified herein.

8 ORDER

9 IT IS THEREFORE ORDERED that the Plan of Administration proposed by Tucson
10 Electric Power Company for its Voluntary Solar Contribution Program is approved, with the
11 modifications discussed herein.

12 IT IS FURTHER ORDERED that the Plan of Administration for Tucson Electric Power
13 Company's Voluntary Solar Contribution Program be modified to reflect that the Program will
14 become effective January 1, 2015, and be continued until further order of the Commission.

15 IT IS FURTHER ORDERED that the Plan of Administration for Tucson Electric Power
16 Company's Voluntary Solar Contribution Program be modified to reflect that the Program will not
17 terminate after two years, but that the Company may file an application requesting to close the
18 Program after December 31, 2016.

19 IT IS FURTHER ORDERED that Tucson Electric Power Company shall file in Docket
20 Control a stand-alone report by October 1 and a report by April 1, as part of the annual REST
21 Compliance Report, beginning October 1, 2015.

22 IT IS FURTHER ORDERED that the Plan of Administration for the Voluntary Solar
23 Contribution Program be modified to reflect a requirement to report on the following: program
24 promotion, the number of customers and others making contributions during the reporting period,
25 the number of system installations (total and during the reporting period), funds collected during the
26 reporting period, the total funds held; any interest or earnings accrued; and any expenses. The reports
27 shall be filed while the VSC Program is in effect.
28

IT IS FUTHER ORDERED that Tucson Electric Power Company shall file in Docket Control, within 15 days of the date of this decision, a Plan of Administration for its Voluntary Solar Contribution that has been revised to comply with this Decision.

IT IS FURTHER ORDERED that this Order become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

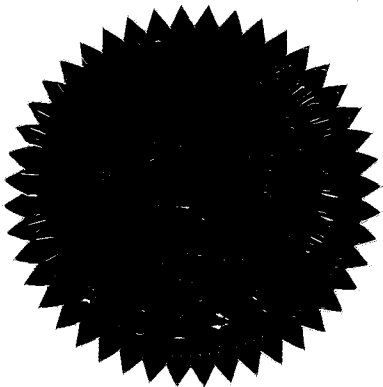
CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 13th day of November, 2014.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMK:sms\CHH

SERVICE LIST FOR: Tucson Electric Power Company
DOCKET NO. : E-01933A-13-0224

Bradley S. Carroll
UNS Electric, Inc.
88 East Broadway Boulevard
MS HQE910
P.O. Box 711
Tucson, Arizona 85702

C. Webb Crockett
Patrick J. Black
Fennemore Craig, PC
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016

Michael W. Patten
Roshka DeWulf & Patten, PLC
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
Attorneys for TEP

Mark Holoham, Chairman
Arizona Solar Energy Industries Association
2221 West Lone Cactus Drive, Suite 2
Phoenix, Arizona 85027

Garry D. Hayes
Law Office of Garry D. Hayes, PC
1702 East Highland Ave, Suite 204
Phoenix, Arizona 85016
Attorney for ASDA

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Daniel W. Pozefsky
Chief Counsel
Residential Utility Consumer Office
1110 West Washington Street, Suite 220
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007